

UOB the first Singapore bank designated as CNY/IDR Appointed Cross-Currency Dealers in China and Indonesia

Bank's strong cross-border FX capabilities also see UOB China as the first Singapore-headquartered bank to be a CNY/IDR direct market maker

Singapore, 6 September 2021 – UOB today announced that its wholly-owned subsidiaries, UOB China and UOB Indonesia, are now Appointed Cross-Currency Dealers (ACCDs) for Chinese Yuan/Indonesia Rupiah (CNY/IDR). This makes UOB the first Singapore bank to hold the CNY/IDR ACCD status in both markets. UOB China is also the only Singapore-headquartered bank approved by the People's Bank of China (PBC) to be a CNY/IDR direct market maker.

ACCDs aim to promote the settlement of international good and services trade and direct investments in the local currencies of China and Indonesia. They form part of the local currency settlement (LCS) framework between PBC and the Bank Indonesia (BI)¹ to facilitate greater bilateral trade and investment flows between the two countries.

With the ACCD licences, UOB China and UOB Indonesia can open onshore IDR and CNY accounts respectively and offer cross-currency exchange, financing, swaps and forwards in this currency pair for UOB's corporate and institutional clients in the two markets. The CNY/IDR solutions will enable UOB clients in Indonesia and China to have direct access to onshore CNY/IDR foreign exchange (FX) rates and liquidity for hedging their trade transactions and investments.

Mr Wee Ee Cheong, Deputy Chairman and Chief Executive Officer, UOB, said, "Through our established network across ASEAN and China, UOB has been creating progressive solutions to support our clients' growth, connecting businesses across the region. We see their increasing need for effective cross-border solutions, from financing and cash management to FX. By facilitating our clients' use of local currencies for

¹ The PBC and BI signed a Memorandum of Understanding for the Establishment of a Framework for Cooperation to Promote the Settlement of Current Account Transactions and Direct Investment in Local Currencies. Source: BI, https://www.bi.go.id/en/publikasi/ruang-media/news-release/Pages/sp_30092020.aspx

their regional operations, we will also help to drive greater trade and investment flows along the China-ASEAN corridors while contributing to intra-regional financial integration and cooperation.”

In 2020, bilateral trade between China and Indonesia reached US\$78.4 billion, with China’s imports from Indonesia growing by 9.5 per cent. In the same year, China’s foreign direct investment to Indonesia surged 86.5 per cent to almost US\$2 billion².

UOB China and UOB Indonesia applied for the ACCD licences in seeing the increasing demand for efficient cross-border cross-currency solutions from companies in the region. In addition, UOB China as a CNY/IDR direct market maker can offer two-way quotes on CNY against IDR in the interbank FX markets and its clients can access more competitive FX rates for greater cost-efficiency.

Mr Leslie Foo, Head of Group Global Markets, UOB, said, “At UOB, we are committed to providing our clients with convenient and customised FX solutions to meet their growing cross-border financial needs. Market licences such as ACCDs deepen our capabilities in ASEAN currencies-CNY as we can offer more cross-currency solutions that enhance our clients’ direct access to onshore FX markets. This way, we not only help our clients seize more regional opportunities, we can also contribute to increased liquidity of CNY and ASEAN currencies in Asia’s FX market.”

The local currency settlement framework signed by PBC and BI is one of collective LCS frameworks³ between Asian countries to promote financial cooperation across borders. To help its clients benefit from the increased financial connectivity between China and ASEAN, UOB will continue to enhance its ASEAN Currency One-Stop Service in China, which provides direct exchange of CNY with and financing and hedging solutions in various ASEAN currencies. These include the Singapore dollar, Thai baht, Malaysian ringgit and Indonesian rupiah.

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² Source: Ministry of Commerce of the People’s Republic of China, <http://www.mofcom.gov.cn/article/tongjiziliao/sjtj/yzgggb/202103/20210303042837.shtml>

³ *Joint Statement of the 4th ASEAN Finance Ministers' and Central Bank Governors' Meeting*, April 2018
Source: <https://www.mas.gov.sg/news/media-releases/2018/joint-statement-of-the-4th-asean-finance-ministers-and-central-bank-governors-meeting-afmgm>



About UOB

United Overseas Bank Limited (UOB) is a leading bank in Asia with a global network of around 500 branches and offices in 19 countries and territories in Asia Pacific, Europe and North America. Since its incorporation in 1935, UOB has grown organically and through a series of strategic acquisitions. UOB is rated among the world's top banks: Aa1 by Moody's Investors Service and AA- by both S&P Global Ratings and Fitch Ratings. In Asia, UOB operates through its head office in Singapore and banking subsidiaries in China, Indonesia, Malaysia, Thailand and Vietnam, as well as branches and representative offices across the region.

Over more than eight decades, generations of UOB employees have carried through the entrepreneurial spirit, the focus on long-term value creation and an unwavering commitment to do what is right for our customers and our colleagues.

We believe in being a responsible financial services provider and we are committed to making a difference in the lives of our stakeholders and in the communities in which we operate. Just as we are dedicated to helping our customers manage their finances wisely and to grow their businesses, UOB is steadfast in our support of social development, particularly in the areas of art, children and education.

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